

To the Members of the California State Senate:

I am returning Senate Bill 1717 without my signature.

The workers' compensation reforms I enacted in 2004 have worked. Costs to employers have decreased and return-to-work rates for injured workers have increased. Our work, however, is not done.

Medical costs in the workers' compensation system are climbing, leading the Workers' Compensation Insurance Rating Bureau to recommend a 16 percent increase in premiums starting next year. Given this fact, we must proceed cautiously before adding any other costs to the system. As such, the billion dollar benefit increase proposed by this bill cannot be justified at this time.

For these reasons, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger